



## DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS

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### **Assistant Secretary for Financial Markets Timothy S. Bitsberger August 2005 Quarterly Refunding Statement**

We are offering \$44.0 billion of notes to refund approximately \$18.6 billion of privately held securities and government account holdings maturing or called on August 15, raising approximately \$25.4 billion. The securities are:

- A new 3-year note in the amount of \$18.0 billion, maturing August 15, 2008;
- A new 5-year note in the amount of \$13.0 billion, maturing August 15, 2010;
- A new 10-year note in the amount of \$13.0 billion, maturing August 15, 2015.

These securities will be auctioned on a yield basis at 1:00 PM EDT on Monday, August 8, Wednesday, August 10, and Thursday, August 11, respectively. All of these auctions will settle on Monday, August 15. The balance of our financing requirements will be met with weekly bills, monthly 2-year and 5-year notes, the September 10-year note reopening, and the October 10-year TIPS reopening and 5-year TIPS reopening. Treasury also is likely to issue cash management bills in early September.

### **Thirty-Year Nominal Issuance**

Treasury is re-introducing regular semi-annual auctions of the 30-year nominal security beginning with a bond that will mature on February 15, 2036.

### **Changes to *TreasuryDirect***

Beginning with the 13-week and 26-week Treasury bill auctions scheduled for October 3, 2005, marketable Treasury securities purchased in the auctions will be eligible to be held in the new *TreasuryDirect* system. The new system will provide the ability to hold both marketable and non-marketable securities in the same account and to manage those investments online. The new system, however, will not permit *TreasuryDirect* investors to bid competitively in Treasury marketable securities auctions. At the same time, investors purchasing securities to be held in the *Legacy Treasury Direct* system will also be prohibited from bidding competitively. Competitive bidding will be limited to the commercial book-entry system.

## **State and Local Government Series (SLGS) Regulatory Changes and Data**

The new regulatory changes for SLGS, issued on June 30, 2005, become effective on August 15, 2005. We encourage SLGS investors to obtain a free *SLGSafe* account immediately since no transactions will be accepted without this account and to also familiarize themselves with the provisions contained in the new SLGS regulations. See <http://www.publicdebt.treas.gov/spe/spe.htm> for more information. On Monday August, 22, 2005, Treasury will begin releasing daily SLGS activity and balances, with historical data back to 1999. Data for SLGS new subscriptions, cancelled subscriptions, new issues, summary of redemptions by type, and SLGS balances by maturity range will be released on Bureau of the Public Debt's website at the following link: <http://www.publicdebt.treas.gov/opd/opd.htm>

### **Calendar Adjustment**

In our tentative calendar released on May 3, 2005, the August 3-year note auction was tentatively scheduled for August 9, 2005. As stated above, the auction will actually be held on August 8, 2005 to avoid overlap with the release of the FOMC statement.

## **Other Policy Matters Under Consideration**

### **Treasury 30-Year Bond and Auction Calendar**

The re-introduction of the 30-year nominal bond means we must reexamine the current security offering calendar. We seek advice from market participants on how to fit the 30-year bond into the auction calendar and welcome any comments and suggestions. We will provide a calendar decision at the November 2005 refunding.

### **Treasury Securities Lending Facility**

Having received sufficient positive feedback on the concept of a backstop securities lending facility, we believe the idea warrants further consideration. In the coming months we will develop a preliminary proposal for a backstop Treasury securities lending facility. Before determining whether to proceed, we will seek advice from market participants over the next several quarters on critical components of such a facility that will determine the appropriate pricing mechanism and operational design.

Please send comments and suggestions on these subjects or others relating to Treasury debt management to [debt.management@do.treas.gov](mailto:debt.management@do.treas.gov).

The next quarterly refunding announcement will take place on Wednesday, November 2, 2005.